



State of Utah

Department of
Environmental Quality

Dianne R. Nielson, Ph.D.
Executive Director

DIVISION OF DRINKING WATER
Kevin W. Brown, P.E.
Director

Drinking Water Board

Dale Pierson, *Chair*
Anne Erickson, *Vice-Chair*
Myron Bateman
Jay Franson
Laurie McNeill
Nancy Melich
Dianne R. Nielson, Ph.D.
Charlie Roberts
Petra Rust
Ron Thompson
Chris Webb
Kevin Brown
Executive Secretary

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

MINUTES OF THE JANUARY 9, 2004 DRINKING WATER BOARD
MEETING HELD IN ALTA, UTAH

Board Members Present

Dale Pierson, Chair
Anne Erickson, Vice Chair
Myron Bateman
Jay Franson
Laurie McNeill
Dianne Nielson, Ph.D.
Charlie Roberts
Chris Webb

Board Members Excused

Nancy Melich
Petra Rust
Ron Thompson

Staff

Kevin Brown
Michael Georgeson
Ken Bousfield
Rich Peterson
Linda Matulich

Guests

Lynn Wall, Wall Engineering
Tess Young, Alta Student
Keith Hanson, SLCTy SA # 3
Scott Rogers, Aqua Engineering

Guests

Bill Levitt, Mayor, Alta
Kirstyn Stockwell, Alta
Ken Leetham, Saratoga Springs
Richard Allen, Saratoga Springs
Justin Jones, Saratoga Springs
Larry Gilson, Saratoga Springs
Laura Lewis, Lewis Young
Laura McIntre, Alta
Bernice Graham, Frito Lay
Greg Whall, Frito Lay
Clyde Watkins, Rural Water
Russ Donoghue, Rural Water
Chris Morley, Attorney Generals Office
Preston Kirk, George Baum - Logan City
Tom Pollard, Councilman, Alta
Steve McIntosh, SLCTy SA # 3
Deb Collinson, SLCTy SA #3 Trustee
Guy Jordan, Alta
Kate Black, Alta
Ann Borgione, SLCTy SA #3
Robert Shepherd, Levan
Ann Shepherd, Levan
Peter Staks, Lake Mountain MWC
Shay Wieringa, Alta Student
John Collinson, Alta Student
Dani Howlett, Alta Student
Tom Cox, Division of Water Resources
Chet Horey, Aqua Engineering
Dwight Jorevich, Alta

ITEM 1 – CALL TO ORDER

The Drinking Water Board convened in Alta, Utah with Chairman Pierson presiding. The meeting was called to order at 1:00 p.m.

ITEM 2 – ROLL CALL

Chairman Pierson asked Kevin Brown to call roll of the Board members. The roll call showed there were 8 members present at the time.

ITEM 3 – INTRODUCTIONS

Chairman Pierson welcomed the guests and asked them to introduce themselves.

Chairman Pierson thanked Alta for the very informative tour. Chairman Pierson welcomed the Alta School children and thanked them for their help.

ITEM 4 – APPROVAL OF MINUTES – DECEMBER 12, 2003

Chairman Pierson stated a motion to approve the December 12, 2003 minutes are in order.

Myron Bateman moved the Board approve the December 12, 2003 minutes.

Charlie Roberts seconded.

**CARRIED
(Unanimous)**

ITEM 5 – SRF/CONSERVATION COMMITTEE REPORT

1) Status Report

Michael Georgeson reported the Board has available a little over \$3.5 million in the State SRF account. There is \$1 million in the Security account, almost \$2 million in the Secondary account, and a little over \$500,000 in the Hardship Grant account. There will be a complete report at the February Board meeting, which will include any repayments that have been received.

Mike mentioned there aren't any changes since the last Board meeting, except that Beaver Dam Village is close to reporting on their progress.

Mike reported the Board has available \$8.6 million in the Federal SRF account in uncommitted money. Price River Water Improvement District's financing on their project closed on December 3, 2003. Billy Bethers Water System has been absorbed by the Twin Creek District, and staff expects the contract to be let the later part of March 2004 to be completed. Wasatch County will install a main water line at no cost to the Twin Creek District. The District will have to reimburse the County for the pipe only.

2) State SRF Applications

a) Mountain Regional SSD

Michael Georgeson reported Mountain Regional has a large bond to sell on the market. If the Board accepts the subordinate position of the \$32 million bond, it will save Mountain Regional a considerable amount of money in interest costs. Without the subordination for Mountain Regional, their bond rating will be a BBB minus and will make them ineligible for bond insurance. By doing the subordination, the rating will be a BBB rating, which the bond insurance will allow the Region to sell their bond and will give the Region a good rating.

Laura Lewis, Lewis Young & Associates representing Mountain Regional Special Service District, addressed the Board on the subordination issue.

Discussion followed.

Chris Webb moved the Board approve the subordination of its Mountain Regional Special Service District Series 2002 bond to the proposed bond issuance by Mountain Regional.

Dale Pierson seconded.

**CARRIED
(Unanimous)**

b) Levan

Rich Peterson reported Levan's project is described as a wellhead protection project, and a water line will be put in to allow chlorination in their system. The project is estimated at costing \$218,000. Levan will be contributing \$10,000 toward the project.

Lynn Wall, Wall Engineering, addressed the Board.

Robert Shepherd, Mayor of Levan, addressed the Board.

Discussion followed.

Myron Bateman moved the Board authorize a loan of \$208,000 at 3.29% interest to be repaid in 20 years; and require them to resolve the appropriate issues on their Compliance Report, to bring their nitrate and radionuclide sampling up-to-date, and to have a cross connection program in place.

Chris Webb seconded.

**CARRIED
(Unanimous)**

c) Saratoga Springs

Mike Georgeson reported Saratoga Springs applied for a loan of \$2,466,000 from the Board to help them obtain the undivided interest that Lakeview has in the drinking water lines. Staff found out there was a complaint filed in the District Court by Lake Mountain. In subsequent discussions with Fred Nelson and Bill Prater, staff felt at the time and recommended the SRF Conservation Committee that the Board accept the recommendation and commit to the loan of \$2,466,000 at 3.84% for 20 years to Saratoga Springs. Staff received a letter the day before the Board meeting from Lake Mountain's attorney stating that there are some other issues involved. Fred Nelson advised the Board to take no action on Saratoga Springs' request until staff could get a better resolution to the Board.

Chris Morley, Attorney Generals Office, was present and answered questions of the Board.

Discussion followed.

Dale Pierson moved the Board table Saratoga Springs request until the next Board meeting on February 27, 2004, so the Board could receive additional clarification from counsel.

Myron Bateman seconded.

Discussion on motion.

Richard Allen, Saratoga Springs' attorney, addressed the Board.

A very lengthy discussion continued.

Charlie Roberts moved for a substitute motion that the Board authorize a loan to Saratoga Springs of \$2,466,000 at 3.84% for 20 years; and return the application and associated information to the Board for "committal" of funds; and encourage the city to work with Lake Mountain to resolve their legal issues; and require them to resolve the appropriate issues on the Compliance Report. The Board would also receive approval from the Attorney General's Office that the Board has the voting right to make a loan on the purchase of the capacity issue.

Laurie McNeill seconded.

Discussion on substitute motion.

SUBSTITUTE MOTION FAILED

Myron Bateman, Chris Webb, Charlie Roberts, and Anne Erickson voted yes.
Dale Pierson, Dianne Nielson, Jay Franson, and Laurie McNeill voted no.

Discussion continued.

Myron Bateman amended Dale Pierson's motion to read as: Dale Pierson moved the Board table Saratoga Springs request until the next Board meeting on February 27, 2004, so the Board could receive additional clarification from counsel. At the February 27, 2004 Board meeting, the Board will have representation from the Attorney General's office and representation from both parties involved in the Saratoga Springs issue, to have any information/items needing the counsel's review to have to the Board, and to have a deadline of no later than January 23, 2004.

Dale Pierson restated his motion with Myron Bateman's amendment as stated above.

Myron Bateman reseconded the motion.

MOTION FAILED

Dale Pierson, Anne Erickson, Dianne Nielson, and Charlie Roberts voted yes.
Myron Bateman, Jay Franson, Chris Webb, and Laurie McNeill voted no.

Discussion followed.

Mike Georgeson mentioned the Board has by rule a two-step process for a loan. The first step is an authorization, which basically gives the applicant a green light to go ahead and go through the steps, and to perform any additional requests by the Board as part of the authorization. The second step is committal of funds, where staff would come back to the Board and present to the Board all of the needed information and if the Board commits to the loan, then staff would proceed to close the loan. The Board has by resolution, authorized staff to proceed with authorization in closing, if all of the things the Board requests have been met with staff's understanding. Staff did put in the recommendation for Saratoga Springs the Board does require staff to come back and make a report to the Board. The SRF Conservation Committee agreed, at the time, that there would be a committal of steps involved in Saratoga Springs request.

Jay Franson moved the Board table Saratoga Springs request to be heard at the Board's next meeting on February 27, 2004 with a concern about receiving a letter at the last minute, and with the condition that the Board receive any comments from Saratoga Springs attorney by January 23, 2004 and any comments from the Saratoga Springs by January 30, 2004 to be placed in the packet for the SRF Conservation Committee meeting at their next meeting. The Attorney General's office will then have a chance to respond to all of the comments and be able to prepare their response to the SRF Conservation Committee by February 11, 2004 for the SRF Committee meeting.

Dale Pierson seconded.

MOTION FAILED

Dianne Nielson, Dale Pierson, Anne Erickson, and Jay Franson voted yes.
Laurie McNeill, Myron Bateman, Chris Webb, and Charlie Roberts voted no.

Myron Bateman moved that it is the intent of the Board to tentatively approve a loan to Saratoga Springs for \$2,466,000 at 3.84% to be repaid in 20 years, and return the application and associated information to the Board for “committal” of funds, and encourage the city to work with Lake Mountain to resolve their legal issues, and require them to resolve the appropriate issues on the Compliance Report, with approval from the Attorney Generals Office, and that Saratoga Springs’ request be brought back to the February 27, 2004 Board meeting for final approval. Also, to have any comments received by the Saratoga Springs attorney by January 23, 2004, by Saratoga Springs by January 30, 2004, and by the Attorney Generals Office by February 11, 1004.

Discussion on motion.

No Second.

MOTION FAILED

Dianne Nielson moved the Board move on to the next agenda item.

Dale Pierson seconded.

**CARRIED
(Unanimous)**

The Board came back to Saratoga Springs after the Priority Point List Revisions agenda item.

Chris Webb moved to readdress the Saratoga Springs request.

Charlie Roberts seconded.

**CARRIED
(Unanimous)**

Chris Webb moved the Board authorize a loan to Saratoga Springs for \$2,466,000 at 3.84% for 20 years with four contingencies as follows: 1) that the Attorney Generals’ Office confirm that it is legal for the Drinking Water Board to fund this action, 2) that Saratoga Springs resolve the issue of compliance on the compliance report with drinking water staff, and request staff to report back to the Board at the February 27, 2004 Board meeting on the compliance issue, 3) to come back to the Board for the submittal of funds, and 4) prior to the committal of funds, Saratoga Springs will come back and make a report to the Board.

Charlie Roberts seconded.

Discussion on motion.

**CARRIED
(Unanimous)**

3) Federal SRF Applications

a) Logan City

Mike Georgeson reported the Board authorized Logan City a \$5 million loan under the Federal SRF program some time ago. Logan City is moving ahead on their project. Preston Kirk, George K. Baum & Company, and associates have been working with Logan City on a \$9.5 million loan to be issued in January. When Logan's financial advisors became aware of Logan's intent to issue a \$5 million bond around May for their water project, it put the tax-exempt provision of the \$9.5 million loan in jeopardy. There is a \$10 million annual limit on tax-exempt bonds a city can issue and maintain a bank qualified status with lower interest rates, and would cause the \$9.5 million loan to be taxable. Logan City has asked that the Board consider the \$5 million loan as a taxable loan to avoid the problem with the \$9.5 million loan. This would enable Logan City to save some money, and it wouldn't have any impact on the loan from the Board.

Discussion followed.

Charlie Roberts moved the Board adopt a motion stating that it would accept taxable bonds from Logan City for the drinking water system project loan authorized on August 8, 2003.

Jay Franson seconded.

**CARRIED
(Unanimous)**

b) Priority Point List Revisions

Mike Georgeson reported the Project Priority List was placed on agenda. High Country Estates has an issue, in which they need to drill another well as soon as possible. They do qualify under the federal program.

Discussion followed.

Dale Pierson moved the Board approve the updated Project Priority List.

Myron Bateman seconded.

**CARRIED
(Unanimous)**

ITEM 6 – SECURITY RESOLUTIONS

Dale Pierson reported there is a Security Resolution in the handouts that was discussed at the last Board meeting. This resolution would encourage water systems under 3,300 to conduct a Security Vulnerability Assessment to make sure their system is secure. There haven't been any changes to the document since the last meeting.

Discussion followed.

Myron Bateman moved the Board adopt the Security Resolution Document.

Anne Erickson seconded.

**CARRIED
(Unanimous)**

**ITEM 7 – R309-305 CERTIFICATION RULES FOR BACKFLOW TECHNICIANS
ADOPTION**

Ken Bousfield recommended that the Board authorize staff to proceed with rulemaking on the Backflow Technician Rule revisions. Ken further recommended that staff actively solicit public comments.

Discussion followed.

Chris Webb moved the Board authorize staff to proceed with rulemaking on the revisions to the Backflow Technician Rules.

Myron Bateman seconded.

**CARRIED
(Unanimous)**

Anne Erickson left.

ITEM 8 – PROPOSED RENEWAL OF ANTIMONY EXEMPTION FOR ALTA/SNOWBIRD

Ken Bousfield mentioned Alta/Snowbird made a request previously to the Board for an exemption on Antimony. The Board granted the exemption. Ken introduced Mayor Bill Levitt and Keith Hanson.

Mayor Bill Levitt addressed the Board.

Keith Hanson, Salt Lake County Service Area # 3 addressed the Board.

Keith Hanson updated the Board on actions, since the last time Alta and Snowbird were before the Board. Alta and Snowbird are requesting another exemption. Mr. Hanson had some handouts.

Jay Franson left.

Ken Bousfield gave some additional information to the Board on the Antimony Exemption for Alta and Snowbird.

Dr. Dwight Jorevich, Alta resident, talked about the health impacts of Antimony.

Discussion followed.

Myron Bateman moved the Board declare their intent to issue the exemption. Further, that staff solicit public comment for consideration at the Board's next meeting, where a decision will be made on the granting of the exemption extension.

Laurie McNeill seconded.

**CARRIED
(Unanimous)**

Charlie Roberts moved the Board ask Kevin Brown, Executive Secretary, to communicate to U.S. EPA Region VIII officials in Denver, Colorado and the EPA Administrator at his office in Washington, D.C. to take a rapid action on the Antimony limits issue.

Dianne Nielson seconded.

**CARRIED
(Unanimous)**

ITEM 9 – CHAIRMAN'S REPORT

a) Funding of Secondary Water Systems

Dale Pierson mentioned the Board discussed the funding of secondary water systems at the Board work meeting on December 12, 2003.

Kevin Brown mentioned during the work meeting in December, it was suggested that he meet with Larry Anderson, of the Division of Water Resources and the Water Resources Board, since they have been funding secondary water systems. The Water Resources Board has sufficient funding in place to fund the secondary water systems. Mr. Anderson doesn't foresee any need for the Division of Drinking Water to enter into the market on helping funding the secondary water systems. The Water Resources Board would be happy to discuss this issue further with the Drinking Water Board, if the Board would like to pursue this with the Water Resources Board.

Discussion followed.

ITEM 10 – DIRECTORS REPORT

a) Twenty-five (25) Worst Drinking Water Systems List

Dale Pierson mentioned that Ken Bousfield has supplied a list of the 25 worst drinking water systems list, which is in the packet, for the Board to review. The Rural Water Association helps the Division out a great deal with these systems.

Ken Bousfield reported on the 25 worst drinking water systems list. This list is addressed quarterly during the CAP meetings. Rural Water Association has some staff members that attend the quarterly CAP meeting. EPA officials call in to the CAP meeting as well. Ken went over what is discussed in the CAP meetings and the results of the meeting.

Russ Donoghue and Clyde Watkins, Rural Water Association representatives, addressed the Board on their involvement in assisting water systems appearing on the list.

Russ Donoghue complemented the Division for the work they are doing with the drinking water systems. Russ mentioned how Rural Water works with the Division.

Discussion followed.

b) Legislative Update

Kevin Brown mentioned there aren't any bills being sponsored or any bills that will impact the Division and the Board at this time.

Kevin mentioned the 1/16% sales tax is being earmarked for education again.

Kevin went over the federal match money that staff receives, and what staff will be facing in the near future. If staff loses the 1/16% sales tax money, which ends on June 30, 2004, staff will have to come up with some programs/money that will help staff out with possible shortfalls.

ITEM 11 – NEWS ARTICLES

News articles are in the packet.

ITEM 12 – LETTERS

Letters are in the packet.

ITEM 13 – UPDATE

Update is in the packet.

ITEM 14 – NEXT BOARD MEETING

The next Board meeting will be held on February 27, 2004 in St. George, Utah in conjunction with the Rural Water Association of Utah's annual conference. There will be tour of the Washington County Water Conservancy District's plant in the morning.

ITEM 15 – OTHER

No other business.

ITEM 16 – ADJOURN

Chairman Pierson stated a motion to adjourn the Board meeting would be in order.

Chris Webb moved to adjourn the Board meeting at 4:05 p.m.

Charlie Roberts seconded.

**CARRIED
(Unanimous)**

Linda Matulich
Recording Secretary